

INVESTSMART APPLICATION FOR HARDSHIP WITHDRAWAL
Tulalip Tribes of Washington Employees' Retirement Plan

Please read the directions attached to this form.

Plan Sponsor Authorization The Employer must complete ALL information.

I have reviewed this form and have verified the following:

- ☐ The Participant Information Section is complete.
- ☐ The Withdrawal Request and Nature of Hardship Sections are complete.
- ☐ The Tax Withholding Election Section is complete.
- ☐ The Participant has signed and dated the form.
- ☐ Appropriate action has been taken to suspend participant 401(k) deferral contributions for a period of 6 months.

I hereby certify that I have no actual knowledge that any of the above representations made by the participant are false.

I hereby authorize a Hardship withdrawal distribution to the participant as indicated on this form.

Authorized Plan Signature: _____ Date: _____

Print Name: _____

Participant Information The Participant must complete ALL indicated information

Participant Name: _____ Social Security Number: _____
Address: _____ Date of Birth: _____
_____ Date of Hire: _____
_____ Daytime Phone Number: () _____
City: _____ E-Mail Address (Optional): _____
State: _____ Zip: _____

Withdrawal Request

In accordance with the provisions of the Plan, I hereby request a hardship withdrawal from my eligible vested account. I hereby certify that the distribution is necessary in light of severe and immediate financial need and that the amount requested is not available from any other source. As permitted by the Plan, I elect to withdraw the following portion of my eligible vested account balance under the Plan as a hardship withdrawal:

☐ \$_____Specify Amount

In addition, provided sufficient funds are available, I would like to:

- ☐ withdraw additional monies from my eligible vested account to cover the 10% excise tax (does not apply if age 59 ½)
- ☐ withdraw additional monies from my eligible vested account to cover the Federal withholding tax.

Nature of Hardship - Safe Harbor

I hereby certify that the money will be used as follows: (Choose one of the following)

- ☐ Medical expenses incurred by me, my spouse or one or more of my legal dependents, above and beyond amount covered by insurance.
- ☐ The purchase (excluding mortgage payments) of a principal residence for me.
- ☐ The payment of post-secondary education tuition, room and board and related educational fees for the next 12 months for me, my spouse or one or more of my legal dependents.
- ☐ To prevent my eviction from my principal residence or to prevent the foreclosure on the mortgage of my principal residence.

Tax Withholding Instructions

Unless you elect otherwise, a hardship withdrawal is subject to Federal Income Tax withholding at a rate of 10%. In addition, a 10% excise tax will apply unless you are at least 59½ years of age. Please make your Federal withholding election below:

- ☐ I elect not to have Federal Income Tax withheld from my hardship distribution payment.
- ☐ I request that _____ % Federal Income Tax is withheld from my hardship distribution payment.

Please read the attached instructions regarding State Income Tax withholding and make your withholding election below. Please note that State income tax withholding is mandatory in certain states and the required withholding will be made.

- ☐ I elect to have State Income Tax withheld from my withdrawal at a rate of _____ %.
- ☐ I elect not to have State Income Tax withheld.

If you elect not to have income taxes withheld from your withdrawal, or if you do not have enough Federal Income Tax withheld from your withdrawal, you may be responsible for payment of estimated tax. If your withholding and estimated tax payments are not sufficient, you may incur penalties under the estimated tax rules.

Consent and Signature of Participant

I understand that the law prohibits my withdrawal if my need may be satisfied from other resources reasonably available to me. I certify that my hardship cannot be satisfied:

1. Through reimbursement or compensation by insurance or otherwise.
2. By reasonable liquidation of my assets.
3. By other distributions or loans from this Plan.
4. By cessation of elective and voluntary contributions to this Plan.
5. By borrowing from commercial sources on reasonable commercial terms.
6. By the assets of my spouse or minor children which are reasonably available to me.

I understand the following to be true:

1. My election is irrevocable.
2. The Trustee of the Plan will hold the portion of my account balance that I am not withdrawing until I otherwise would receive a distribution of my benefits under the Plan, generally upon my termination of employment.
3. I should consult with my own tax advisor with respect to the proper method of reporting any distribution I receive from the Plan.
4. My account will be charged the administrative fee to process this application.
5. I will be suspended from making any contributions (pre-tax and post-tax) for the next 6 months. Also, in the year I am reinstated into the plan, the pre-tax limit for that calendar year will be reduced by the amount of contributions actually made in the prior calendar year.
6. It is my responsibility to notify my employer if I choose to resume deferring once the 6-month period has passed.

I consent to an immediate distribution of the elected portion of my account. Furthermore, I elect to waive my 30-Day Election Period (no less than 7 days) during which I may consent to a distribution from the Plan. Under penalties of perjury, I affirm that this application is true, complete and accurate.

Participant's Signature : _____

Date: _____

Print Name: _____

Payment Instructions

- ☐ Please mail my check to: ☐ My Home Address
☐ Wire Funds* (complete wiring instructions below)

Name of Institution

Phone Number:

Address:

City, State, Zip

Name on Account:

Account Number:

ABA Number:

Additional Instructions:

*A \$25.00 fee may be deducted from the account to cover the cost of wiring funds.

HARDSHIP WITHDRAWAL INFORMATION

You may, upon approval, take a withdrawal from your eligible vested account in the Plan if the reason for such withdrawal is *financial hardship*.

Financial Hardship means that your immediate and heavy financial need cannot be met from other reasonably available resources and is caused by one or more of the following:

1. Deductible medical expense incurred by you, by your spouse or by one or more of your dependents,
2. The purchase (excluding mortgage payments) of a principal residence for you,
3. The payment of post-secondary education for you, for your spouse or for one or more of your dependents,
4. To prevent your eviction from your principal residence or to prevent the foreclosure on the mortgage of your principal residence.

The following restrictions will apply to you when you receive a hardship distribution:

1. You must stop making 401(k) deferral contributions and voluntary after-tax contributions to the Plan and all other plans, sponsored by your employer for a period of six months. These lost contributions may not be made up at a later date.
2. You cannot receive a hardship distribution greater than the amount of your immediate financial need.
3. You must have obtained all distributions, other than the hardship distribution, and all nontaxable loans available under this plan and all other plans in which you may participate.
4. You must also agree to limit your elective deferrals under this Plan and any other plan maintained by your employer for the year following the year in which you received the hardship withdrawal.
5. **Your employer will require you to pay the hardship-withdrawal processing fee.** The fee will be charged to your account and will reduce the amount available to you only if your account does not have enough funds available to pay the fee.

Please note that a hardship withdrawal is not a loan and therefore you cannot repay it to your account. It is a taxable distribution that is income to you in the year you receive it. The distribution will be reported to the IRS on a Form 1099-R.

Attached is a *Special Tax Notice Regarding Plan Payments* for your review. This notice addresses the withholding of taxes from distributions that are not eligible for rollover. Hardship withdrawals are not eligible for rollover.

In accordance with tax laws governing distributions from qualified retirement plans, your employer is required to withhold 10% of your hardship withdrawal as an estimated payment of Federal Income Tax, unless you elect otherwise.

The tax notice explains the 10% excise tax on the withdrawal. You will be subject to the 10% excise tax if you have not reached age 59 ½ when you receive the distribution, unless one of the exceptions noted applies.

The law allows you to increase your distribution so that the distribution after withholding for taxes is large enough to meet your need. You may wish to consult your own personal tax advisor to discuss the tax consequences of your decision on the withdrawal and tax withholding amounts.

If you have any questions please feel free to contact an Invesmart Customer Service Representative at 1-800-370-9601.

STATE WITHHOLDING INFORMATION

General State Withholding Guidelines:

State withholding falls into one of the three following categories:

- 1. Mandatory State Withholding :** Some states require state income taxes be withheld from distributions from qualified plans made to individuals who legally reside in that state if federal taxes are withheld from those payments. However, several of these states let individuals elect out of state withholding in certain situations. In these cases a written request must be provided by the individual receiving the payment.
- 2. Voluntary State Withholding :** Voluntary withholding states are states that let individuals determine whether they want state taxes withheld from their payments, regardless of whether federal taxes are withheld. Individuals who legally reside in these states must determine the amount they want to have withheld. If no written election is made, there will be no state withholding.
- 3. States With No Withholding:** Some states have no income tax on distributions from qualified plans. Therefore, no state withholding is required from these payments

Mandatory State Withholding	
Mandatory State Withholding - No Exceptions <ul style="list-style-type: none"> DE - 5% of taxable portion of distribution KS - 5% of taxable portion of distribution ME - 5% of taxable portion of distribution NC - 4% of taxable portion of distribution VT - 24% of amount of Federal taxes withheld 	Mandatory State Withholding - Unless Participant Provides Rate from the Applicable State Form <ul style="list-style-type: none"> IA - 5% of taxable portion of distribution MA - 5.30% of taxable portion of distribution OK - 5% of taxable portion of distribution VA - 4% of taxable portion of distribution <p>You must forward the applicable signed State form along with your Invesmart Election Form to provide rate.</p>
Mandatory State Withholding - Unless Participant Elects Out <ul style="list-style-type: none"> CA - 10% of amount of Federal taxes withheld OR - 8% of taxable portion of the distribution 	Mandatory State Withholding <ul style="list-style-type: none"> MS - 3% of first \$5000 taxable, 4% of the next \$5000 taxable, 5% of any amount in excess of \$10000 <p>Distribution exempt from state withholding if payee is > 59.5 years old, distribution due to death, disability or QDRO, participant has terminated and is > 55 years old or annuity payments based on life expectancy</p>
Voluntary State Withholding	
Voluntary State Withholding - Participant Elects Amount Withheld (No Election, No Withholding) AL, AR, CO, CT, DC, GA, ID, IN, KY, LA, MD, MI, MN, MO, MT, NE, NJ, NM, NY, ND, OH, PA, RI, SC, UT, WI, WV	
States With No Withholding	
No State Withholding AZ, AK, FL, HI, IL, NH, NV, SD, TN, TX, WA, WY	

Special Tax Notice Regarding Plan Payments

This notice contains important information that you need to review before deciding how to receive your benefit from your retirement plan.

SUMMARY

A payment from the Plan that is eligible for "rollover" can be taken in two ways. All or any portion of your payment can be either **1) PAID IN A "DIRECT ROLLOVER"** or **2) PAID TO YOU**. A direct rollover is a payment of your Plan benefits to your traditional individual retirement arrangement (IRA) or to another employer plan. This choice will affect the tax you owe.

If you choose a **Direct Rollover**:

- Your payment will not be taxed in the current year and no income tax will be withheld.
- At your request, your payment can be made either directly to your traditional IRA or to another employer plan that accepts rollovers. Your plan payment cannot be rolled over to a Roth IRA, a Simple IRA, or a Coverdell Educational Savings Account, because these are not "traditional" IRAs.
- Your payment will not be taxed until you take it out of the traditional IRA or the employer plan.

If you choose to have the payment be **Paid to You**:

- The Plan Administrator is required to withhold 20 percent of the payment and send it to the IRS as income tax withholding to be credited against your taxes; therefore, you receive only 80 percent of the payment.
- Your payment will be taxed in the current year unless you roll it over within 60 days. Under limited circumstances, you may be able to use special tax rules to reduce the tax you owe; however, if you receive the payment before age 59½, you may have to pay an additional 10 percent tax.
- You can roll over the payment within 60 days of receiving it by paying it to your traditional IRA or to another employer plan that accepts rollovers. The amount rolled over will not be taxed until you take it out of the traditional IRA or employer plan.
- If you want to roll over 100 percent of the payment to a traditional IRA or employer plan, you must replace the 20 percent withheld. If you roll over only the 80 percent you received, you will be taxed on the 20 percent withheld that was not rolled over.

Generally, neither a direct rollover nor a payment can be made from the plan until at least 30 days after your receipt of this notice. Thus, after receiving this notice you have 30 days to consider whether or not to have your withdrawal directly rolled over. If you do not wish to wait until this 30-day notice period ends before your election is processed, you may waive the notice period by making an affirmative election indicating whether or not you wish to make a direct rollover. Your withdrawal will then be processed in accordance with your election as soon as practical after it is received.

PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER

Payments from the Plan may be "eligible rollover distributions"—they can be rolled over to a traditional IRA (in this notice, "IRA" includes individual retirement accounts and individual retirement annuities) or to another employer plan that accepts rollovers. Payments from a plan cannot be rolled over to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account. Your Plan Administrator can tell you what portion of your payment is an eligible rollover distribution.

After Tax Contributions: If you have after-tax contributions in the plan, these contributions may be rolled into either a traditional IRA or to certain employer plans that accept rollovers of the after-tax contributions. The following rules apply:

- a) **Rollover into a Traditional IRA.** You can roll over your after-tax contributions to a traditional IRA either directly or indirectly. Your Plan Administrator can tell you how much of your payment is the taxable portion and how much is the after-tax portion. If you roll over after-tax contributions to a traditional IRA, it is your responsibility to keep track of, and report to the IRS on the applicable forms, the amount of these after-tax contributions. This will enable the nontaxable amount of any future distributions from the traditional IRA to be determined. Once you roll over your after-tax contributions to a traditional IRA, those amounts CANNOT later be rolled over to an employer plan.
- b) **Rollover into an Employer Plan.** You can roll over after-tax contributions from an employer plan to another employer plan if the receiving plan provides for such rollovers. You CANNOT roll over after-tax contributions to a governmental 457 plan. If you want to roll over your after-tax contributions to an employer plan, you cannot have the after-tax contributions paid to you first. You must instruct the Plan Administrator of this Plan to make a direct rollover on your behalf. Also, you cannot first roll over after-tax contributions to a traditional IRA and then roll over that amount into an employer plan.

The following types of payments **cannot** be rolled over:

Payments Spread Over Long Periods - You cannot roll over a payment if it is part of a series of equal (or almost equal) payments made at least once a year and that will last for: (1) your lifetime (or life expectancy), (2) your lifetime and your beneficiary's lifetime (or life expectancies), or (3) a period of ten years or more.

Required Minimum Payments - Beginning the year you reach age 70½ or retire, a certain portion of your payment cannot be rolled over because it is a "required minimum payment" that must be paid to you.

Hardship Withdrawals - Hardship distributions made after December 31, 2001 are no longer eligible for rollover treatment.

ESOP Dividends - Cash dividends paid to you on employer stock held in an employee stock ownership plan cannot be rolled over.

Corrective Distributions - A distribution that is made to correct a failed nondiscrimination test or because legal limits on certain contributions were exceeded cannot be rolled over.

Loans Treated as Distributions - The amount of a plan loan that becomes a taxable deemed distribution because of default cannot be rolled over. However, a loan offset amount is eligible for rollover.

DIRECT ROLLOVERS

You can choose a direct rollover of all or any portion of your payment that is an "eligible rollover distribution." In a direct rollover, the eligible rollover distribution is paid directly from the Plan to a traditional IRA or another employer plan that accepts rollovers. If you choose a direct rollover, you are not taxed on a payment until you take it out of the IRA or the employer plan.

Direct Rollover to a traditional IRA - You can open a traditional IRA to receive the direct rollover. If your payment is made directly to a traditional IRA, contact an IRA sponsor (usually a financial institution) to learn how your payment is made in a direct rollover at that institution. If you are unsure of how to invest your money, you can temporarily establish a traditional IRA to receive the payment. In choosing a traditional IRA, consider whether the traditional IRA will allow you to move all or a portion of your payment to another traditional IRA at a later date. See IRS Publication 590, "Individual Retirement Arrangements," for more information on traditional IRAs (including limits on how often you can roll over between IRAs).

Direct Rollover to a Plan - If you are employed by a new employer who has a plan and you want a direct rollover to that plan, ask the Plan Administrator of that plan if your rollover will be accepted. If your new employer's plan does not accept a rollover, you can choose a direct rollover to a traditional IRA.

Direct Rollover of a Series of Payments - If you receive eligible rollover distributions that are paid in a series for less than ten years, your choice to make (or not make) a direct rollover for a payment applies to all later payments in the series until you change your election. You are free to change your election for any later payment in the series.

Change in Tax Treatment Resulting from a Direct Rollover - The tax treatment of any payment from a plan or traditional IRA receiving your Direct Rollover might be different than if you received your benefit in a taxable distribution directly from the plan. For example, if you were born before January 1, 1936, you might be entitled to ten-year averaging or capital gain treatment if you have your benefit rolled over to a section 403(b) tax-sheltered annuity, a governmental 457 plan, or a traditional IRA in a Direct Rollover, your benefit will no longer be eligible for that special treatment.

PAYMENTS PAID TO YOU

If the payment is made to you in cash, it is subject to 20 percent income tax withholding. The payment is taxed in the year you receive it unless **within 60 days** you roll it over to a traditional IRA or another plan that accepts rollovers. If you do not roll it over, special tax rules may apply.

INCOME TAX WITHHOLDING:

Mandatory Withholding - If any portion of the payment is an eligible rollover distribution, the Plan is required by law to withhold 20 percent of that amount. The 20 percent is sent to the IRS as income tax withholding. For example, if your eligible rollover distribution is \$10,000, only \$8,000 will be paid to you because \$2,000 must be withheld as income tax. However, when preparing your income tax return for that year, report the full \$10,000 as payment from the Plan. The \$2,000 as tax withheld must be reported and it will be credited against any income tax you owe for the year.

Voluntary Withholding - If any portion of your payment is taxable, but **not** an eligible rollover distribution, the Mandatory Withholding rules do not apply. In such a case, you may elect not to have withholding apply to that portion. To elect out of withholding please clearly indicate such on your election form.

Sixty Day Rollover Option - If you have an eligible rollover distribution paid to you, you can still roll over all or part of it to a traditional IRA or another employer plan that accepts rollovers. If you choose to roll over your distribution, the rollover must be made within 60 days of receiving the payment. The portion of your payment that is rolled over will not be taxed until you take it out of the IRA or the employer plan.

You can roll over up to 100 percent of the eligible rollover distribution, including an amount equal to the 20 percent withheld. If you choose to roll over 100 percent, within the 60 day period you must roll over the 80 percent that you received from the plan and an amount from your own funds equal to the 20 percent withheld.

EXAMPLE - If your eligible rollover distribution is \$10,000 and you choose to have the payment made to you, you will receive \$8,000 and \$2,000 will be sent to the IRS. You have the following two options:

OPTION 1	OR	OPTION 2
Rollover Amount Received.....\$ 8,000	Rollover Amount Received.....\$8,000	
And from Other Sources.....\$ 2,000	Sent to IRS.....\$2,000 *	
Total Rolled Over.....\$10,000 *		
*The entire payment is not taxed until you take it out of the IRA or employer plan. When you file your income tax return, you may get a refund of the \$2,000 withheld.		*You may receive a refund of part of the \$2,000 withheld when you file your income tax return. However, a refund is likely to be larger if you roll over the entire \$10,000.

Additional 10% Excise Tax If You Are Under 59 ½ - If you receive a payment before you reach age 59 ½ and do not roll it over, then, in addition to the regular income tax, you may have to pay an extra tax equal to 10 percent of the taxable portion of the payment. The 10 percent tax does not apply to your payment if it is paid to you:

- Because you separate from service with your employer during or after the year you reach age 55,
- Because you retire due to disability,
- As equal (or almost equal) payments over your life or life expectancy (or you and your beneficiary's lives or life expectancies),
- To pay certain medical expenses.

See IRS Form 5329 for more information on the additional 10 percent tax.

Special Tax Treatment - If your eligible rollover distribution is not rolled over, it will be taxed in the year you receive it. If it qualifies as a “lump sum distribution”, however, then it may be eligible for special tax treatment. A lump sum distribution is a payment, within one year, of your entire balance under the Plan (and certain other similar plans of the employer) that is payable to you because you reached age 59 ½ or separated from service with your employer (or, in the case of a self-employed individual, because you reach age 59 ½ or become disabled). For a payment to qualify as a lump sum distribution, you must have been a participant in the Plan for at least five years. The special tax treatment for lump sum distributions is as follows.

- **Ten Year Averaging** -If you receive a lump sum distribution and you were born before January 1,1936, you can make a one-time election to figure the tax on the payment by using “ten-year averaging” (using 1986 tax rates). This often reduces the tax you owe.
- **Capital Gain Treatment** - If you receive a lump sum distribution and you were born before January 1,1936, and if you were a participant in the plan before 1974, you may also elect to have the part of your payment that is attributable to your pre-1974 participation in the Plan (if any) taxed as long-term capital gain at a rate of 20 percent.

Other Limits on the Traditional Special Tax Treatment - Generally, you can elect this special tax treatment only once in your lifetime, and it applies to all lump sum distributions that you receive in that same year. If you previously rolled over a payment from the Plan (or certain other similar plans of the employer), you cannot use this special tax treatment for later payments from the Plan. If you roll over your payment to an IRA, you will not be able to use this special tax treatment for later payments from the traditional IRA. Also, if you roll over only a portion of your payment to a traditional IRA, this special tax treatment is not available for the rest of the payment. Additional restrictions are described in IRS Form 4972.

Employer Stock or Securities – There is a special rule for a payment from the Plan that includes employer stock (or other employer securities). To use this special rule, (1) the payment must qualify as a lump sum distribution, as described above (or would qualify except that you do not yet have 5 years of participation in the Plan), or (2) the employer stock included in the payment must be attributable to “after-tax” employee contributions, if any. Under this special rule, you may have the option of not paying tax on the “net unrealized appreciation” of the stock until you sell the stock. Net unrealized appreciation generally is the increase in the value of the employer stock while it was held by the Plan.

Example: If employer stock was contributed to your Plan account when the stock was worth \$1,000 but the stock was worth \$1,200 when you received it, you would not have to pay tax on the \$200 increase in value until you later sold the stock. You may instead elect not to have the special rule apply to the net unrealized appreciation. In this case, your net unrealized appreciation will be taxed in the year you received the stock, unless you roll over the stock. The stock (including any net unrealized appreciation) can be rolled over to a traditional IRA or another employer plan either in a direct rollover or a rollover that you make yourself.

If you receive employer stock in a payment that qualifies as a lump sum distribution, the special tax treatment for lump sum distributions described above also may apply. See IRS Form 4972 for additional information on these rules.

Repayment of Plan Loans – If you end your employment and have an outstanding loan from your Plan, your employer may reduce (or “offset”) your balance in the Plan by the amount of the loan you have not repaid. The amount of your loan offset is treated as a distribution to you at the time of the offset and will be taxed unless you roll over an amount equal to the amount of your loan offset to another qualified plan or a traditional IRA within 60 days of the offset. (If the amount of your loan offset is the only amount you received, or are treated as having received, no amount will be withheld from it). If you receive other payments from the Plan at the time of the offset, the 20% withholding amount will be based on the entire amount paid to you, including the amount of the loan offset. The amount withheld will be limited to the amount of other cash or property paid to you (other than employer securities).

SURVIVING SPOUSES, QDRO PAYEES AND OTHER BENEFICIARIES

With the following exceptions, the rules applying to payments to employees also apply to payments to surviving spouses of employees, to spouses or former spouses who are “alternate payees”, or to other beneficiaries. You are an alternate payee if your interest in the Plan results from a “qualified domestic relations order”, which is an order issued by a court, usually in connection with a divorce or legal separation.

- If you are a surviving spouse, you have the same choices as the employee – the payment can be paid as a direct rollover or paid to you. If it is paid to you, you can keep it or roll it over to a traditional IRA or to another employer plan that accepts rollovers.
- If you are receiving a payment as a result of a QDRO, you have the same choices as the employee - the payment can be paid as a direct rollover or paid to you. If it is paid to you, you can keep it or roll it over to a traditional IRA or to another employer plan that accepts rollovers.
- If you are a beneficiary OTHER than the surviving spouse, you **cannot** choose a direct rollover, and you **cannot** roll over the payments yourself.
- If you are a surviving spouse, an alternate payee, or another beneficiary, your payment is not subject to the additional 10% tax as described above.

If you are a surviving spouse, an alternate payee, or another beneficiary, you may be able to use the special tax treatment for lump sum distributions. If you receive a payment because of the employee's death, you may be able to treat the payment as a lump sum distribution if the employee met the appropriate age requirements, thus waiving the five-year participation requirement.

ADDITIONAL INFORMATION

This notice summarizes only the federal (not state or local) tax rules that might apply to your payment. The preceding rules are complex and contain many conditions and exceptions not included in this notice. Therefore, you may want to consult with a professional tax advisor before taking a payment of your benefits from the Plan. For more information about the tax treatment of payments, see IRS Publication 575, “Pension and Annuity Income,” and IRS Publication 590, “Individual Retirement Arrangements.” Both are available from your local IRS office, on the IRS’s Internet Web Site at www.irs.gov, or by calling 1-800-TAX-FORM.